Community Services Board Administrative Requirements

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I. Purpose

a. ~~These~~ The Community Services Board Administrative Requirements ~~(document)~~ include or incorporate by reference ongoing statutory, regulatory, policy, and other requirements that are not expected to change frequently. The document is incorporated into and made a part of the current Community Services Performance Contract by reference~~. The document~~ and is available on the Department's web site at www.dbhds.virginia.gov/OCC-default.htm. Any substantive change in this document, except changes in statutory, regulatory, policy, or other requirements or in other documents incorporated by reference in it, which changes are made in accordance with processes or procedures associated with those statutes, regulations, policies, or other requirements or documents, shall be made in accordance with applicable provisions of the Partnership Agreement and shall be considered to be a performance contract amendment that requires a new contract signature page, signed by both parties. In this document, a community services board, local government department with a policy-advisory community services board, or behavioral health authority will be referred to as the Board or CSB.

II. Board Requirements

A. State Requirements

1. Financial Management Requirements, Policies, and Procedures

a. Generally Accepted Accounting Principles: If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government financial management requirements, policies, and procedures, the Board's financial management and accounting system ~~must~~ shall operate and produce financial statements and reports in accordance with Generally Accepted Accounting Principles. It ~~must~~ shall include necessary personnel and financial records and a fixed assets system. It must provide for the practice of fund accounting and adhere to cost accounting guidelines issued by the Department.

If it is an administrative policy board that is a city or county department or agency or is required to adhere to local government financial management requirements, policies, and procedures or it is a local government department with a policy-advisory board, the Board shall comply with local government financial management requirements, policies, and procedures.

If the Department receives any complaints about the Board's financial management operations, the Department will forward these complaints to the local government and any other appropriate authorities. In response to those complaints, the Department may conduct a review of that Board's financial management activities.

b. Accounting: Boards shall account for all service and administrative expenses accurately and submit timely reports to the Department to document these expenses. Boards shall comply with the Uniform Cost Report Manual issued by the Department, pursuant to § 37.2-508 or § 37.2-608 of the Code of Virginia, when submitting reports to the Department in accordance with requirements contained in the Community Services Performance Contract.

c. Annual Independent Audit: If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government financial management requirements, policies, and procedures, the Board shall obtain an independent annual audit conducted by certified public accountants. Audited financial statements shall be prepared in accordance with generally accepted accounting principles (GAAP). The appropriate GAAP basis financial reporting model is the Enterprise Fund in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. GASB 34 replaces the previous financial reporting model *Health Care Organizations Guide*, produced by the American Institute of Certified Public Accountants. Copies of the audit and the accompanying management letter ~~must~~ shall be provided to the Office of Budget and Financial Reporting in the Department and to each local government that established the Board. Boards shall, to the extent practicable, obtain unqualified audit opinions. Deficiencies and exceptions noted in an audit or management letter ~~must~~ shall be resolved or corrected within a reasonable period of time, mutually agreed upon by the Board and the Department.

If it is an administrative policy board that is a city or county department or agency or is required to adhere to local government financial management requirements, policies, and procedures or it is a local government department with a policy-advisory board, the Board shall be included in the annual audit of its local government. Copies of the applicable portions of the accompanying management letter ~~must~~ shall be provided to the Office of Budget and Financial Reporting in the Department. Deficiencies and exceptions noted in a management letter ~~must~~ shall be resolved or corrected within a reasonable period of time, mutually agreed upon by the Board, its local government(s), and the Department.

If an administrative policy board that is a city or county department or agency or is required to adhere to local government financial management requirements, policies, and procedures or a local government department with a policy-advisory board obtains a separate independent annual audit conducted by certified public accountants, audited financial statements shall be prepared in accordance with generally accepted accounting principles. The appropriate GAAP basis financial reporting model is the Enterprise Fund in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*. GASB 34 replaces the previous financial reporting model *Health Care Organizations Guide*, produced by the American Institute of Certified Public Accountants. The local government will determine the appropriate fund classification in consultation with its certified public accountant. Copies of the audit and the accompanying management letter ~~must~~ shall be provided to the

Office of Budget and Financial Reporting and to each local government that established the Board. Boards shall, to the extent practicable, obtain unqualified audit opinions. Deficiencies and exceptions noted in an audit or management letter ~~must~~ shall be resolved or corrected within a reasonable period of time, mutually agreed upon by the Board and the Department.

d. Federal Audit Requirements: When the Department subgrants federal grants to a Board, all federal government audit requirements ~~must~~ shall be satisfied.

e. Subcontractor Audits: Every Board shall obtain, review, and take any necessary actions on audits~~, which are required by the Financial Management Standards for Community Services Manual issued by the Department,~~ of any subcontractors that provide services that are procured under the Virginia Public Procurement Act and included in a Board's performance contract. The Board shall provide copies of these audits to the Office of Budget and Financial Reporting in the Department.

f. Bonding: If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government financial management requirements, policies, and procedures, Board employees with financial responsibilities shall be bonded in accordance with local financial management policies.

g. Fiscal Policies and Procedures: If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government financial management requirements, policies, and procedures, a Board's written fiscal policies and procedures shall conform to applicable State Board policies and Departmental policies and procedures~~, contained in the Financial Management Standards for Community Services Manual issued by the Department~~.

h. ~~Financial Management Manual:~~ ~~If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government financial management requirements, policies, and procedures, a Board shall be in material compliance with the requirements in the current Financial Management Standards for Community Services Manual issued by the Department.~~

~~i.~~ Local Government Approval: Boards shall submit their performance contracts to the local governments in their service areas for review and approval, pursuant to § 37.2-508 or § 37.2-608 of the Code of Virginia, which requires approval of the contracts by September 30. Boards shall submit their contracts to the local governing bodies of the cities and counties that established them in accordance with the schedules determined by those governing bodies or at least 15 days before meetings at which the governing bodies are scheduled to consider approval of their contracts. Unless prohibited from doing so by its local government(s), a Board may submit its contract to the Department before it is approved by its local government(s).

~~j~~j. Department Review: If a Board is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government financial management requirements, policies, and procedures, the Department may conduct a review of the Board's financial management activities at any time. While it does not conduct routine reviews of the Board's financial management activities, the Department may conduct a review in response to significant deficiencies, irregularities, or problems identified in the Board's independent annual audit or management letter or in response to complaints or information that it receives. Boards shall submit

formal plans of correction to the Office of Budget and Financial Reporting in the Department within 45 days of receipt of official reports of reviews. Minor compliance issues ~~must~~ shall be corrected within 45 days of submitting a plan. Action to correct major compliance issues ~~must~~ shall be initiated within 45 days and completed within 180 days of submitting a plan, unless the Department grants an extension.

If it is an administrative policy board that is a city or county department or agency or is required to adhere to local government financial management requirements, policies, and procedures or it is a local government department with a policy-advisory board, the Department may conduct a review of a Board's financial management activities at any time in order to fulfill its responsibilities for federal sub-recipient (Board) monitoring requirements under the Single Audit Act (OMB Circular A-133). While it does not conduct routine reviews of the Board's financial management activities, the Department may conduct a review in response to significant deficiencies, irregularities, or problems identified in the Board's audit or management letter or in response to complaints or information that it receives. Such reviews shall be limited to sub-recipient monitoring responsibilities in Subpart D.400 of the Single Audit Act associated with receipt of federal funds by the Board. Boards shall submit formal plans of correction to the Office of Budget and Financial Reporting in the Department within 45 days of receipt of official reports of reviews. Minor compliance issues ~~must~~ shall be corrected within 45 days of submitting a plan. Action to correct major compliance issues ~~must~~ shall be initiated within 45 days and completed within 180 days of submitting a plan, unless the Department grants an extension.

~~k~~j. **Balances of Unspent Funds:** In calculating amounts of unspent state funds, the Department shall prorate balances of unexpended unrestricted funds after the close of the fiscal year among unrestricted state funds, local matching funds, and fee revenues, based on the relative proportions of those ~~revenues~~ funds received by the Board. This normally will produce identified balances of unrestricted state funds, local matching funds, and fee revenues, rather than just balances of unrestricted state funds. Restricted state funds shall be accounted for separately, given their restricted status, and the Department shall identify balances of unexpended restricted state funds separately. Boards shall adhere to the Unspent Balances Principles and Procedures in Appendix C of ~~this Document~~ these Requirements.

2. Procurement Requirements, Policies, and Procedures

a. Procurement Policies and Procedures: If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government procurement requirements, policies, and procedures, a Board shall have written procurement policies and procedures in effect that address internal procurement responsibilities, small purchases and dollar thresholds, ethics, and disposal of surplus property. Written procurement policies and procedures relating to vendors shall be in effect that address how to sell to the Board, procurement, default, and protests and appeals. All written policies and procedures ~~must~~ shall conform to the Virginia Public Procurement Act ~~and the current Community Services Procurement Manual issued by the Department~~.

If it is an administrative policy board that is a city or county department or agency or is required to adhere to local government procurement requirements, policies, and procedures or it is a local government department with a policy-advisory board, a Board shall comply with its local government's procurement requirements,

policies, and procedures, which ~~must~~ shall conform to the Virginia Public Procurement Act. If the Department receives any complaints about the Board's procurement operations, the Department will forward these complaints to the local government and any other appropriate authorities. In response to those complaints, the Department may conduct a review of that Board's procurement activities.

b. ~~**Procurement Manual:** If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government procurement requirements, policies, and procedures, a Board shall be in material compliance with the requirements contained in the current Community Services Procurement Manual issued by the Department.~~

~~**c.**~~ **Department Review:** If a Board is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government procurement requirements, policies, and procedures, the Department may conduct a review of the Board's procurement activities at any time. While it does not conduct routine reviews of the Board's procurement activities, the Department may conduct a review in response to significant deficiencies, irregularities, or problems identified in the Board's independent annual audit or management letter or in response to complaints or information that it receives. The review will include a sampling of Board subcontracts. Boards shall submit formal plans of correction to the Office of Administrative Services in the Department within 45 days of receipt of official reports of reviews. Minor compliance issues ~~must~~ shall be corrected within 45 days of submitting a plan. Action to correct major compliance issues ~~must~~ shall be initiated within 45 days and completed within 180 days of submitting a plan, unless the Department grants an extension.

3. Reimbursement Requirements, Policies, and Procedures

a. Reimbursement System: Each Board's reimbursement system shall comply with § 37.2-504, § 37.2-511, § 37.2-605, § 37.2-612, and § 20-61 of the Code of Virginia and State Board Policy 6002 (FIN) 86-14. Its operation must be described in organizational charts identifying all staff members, flow charts, and specific job descriptions for all personnel involved in the reimbursement system.

b. Policies and Procedures: Written fee collection policies and procedures shall be adequate to maximize revenues from individuals and responsible third party payors.

c. Schedule of Charges: A schedule of charges shall exist for all services that are included in the Performance Contract, shall be related reasonably to the cost of the services, and shall be applicable to all recipients of the services.

d. Ability to Pay: A method, approved by a Board's board of directors, that complies with applicable state and federal regulations shall be used to evaluate the ability of each individual to pay fees for the services he or she receives.

e. ~~**Reimbursement Manual:** Boards shall be in material compliance with the requirements in the current Community Services Reimbursement Manual issued by the Department.~~

~~**f.**~~ **Department Review:** While it does not conduct routine reviews of the Board's reimbursement activities, the Department may conduct a review at any time in response to significant deficiencies, irregularities, or problems identified in the Board's independent annual audit or management letter or in response to

complaints or information that it receives. Boards shall submit formal plans of correction to the Office of Cost Accounting and Reimbursement in the Department within 45 days of receipt of official reports of reviews. Minor compliance issues ~~must~~ shall be corrected within 45 days of submitting a plan. Action to correct major compliance issues ~~must~~ shall be initiated within 45 days and completed within 180 days of submitting a plan, unless the Department grants an extension.

~~g.~~ **f. Medicaid and Medicare Regulations:** Boards shall comply with applicable federal and state Medicaid and Medicare regulations, policies, procedures, and provider agreements. Medicaid non-compliance issues identified by Department staff will be communicated to the Department of Medical Assistance Services.

4. Human Resource Management Requirements, Policies, and Procedures

a. Statutory Requirements: If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government human resource management requirements, policies, and procedures, a Board shall operate a human resource management program that complies with state and federal statutes, regulations, and policies. When its executive director position becomes vacant, a Board shall provide to the Office of Community Contracting in the Department a current position description and salary range and the advertisement for the position for review, pursuant to § 37.2-504 or § 37.2-605 of the Code of Virginia. This review does not include Department approval of the selection or employment of a particular candidate for the position. In accordance with § 37.2-504 or § 37.2-605 of the Code of Virginia, if it is an operating board or a behavioral health authority, a Board shall employ its executive director under an annually renewable contract that contains performance objectives and evaluation criteria. A Board shall provide a copy of this employment contract to the Department upon request.

If it is an administrative policy board that is a city or county department or agency or is required to adhere to local government human resource management requirements, policies, and procedures or it is a local government department with a policy-advisory board, a Board shall be part of a human resource management program that complies with state and federal statutes, regulations, and policies. When its executive director position becomes vacant, a Board shall provide to the Office of Community Contracting in the Department a current position description and the advertisement for the position for review, pursuant to § 37.2-504 of the Code of Virginia. This review does not include Department approval of the selection or employment of a particular candidate for the position.

b. Policies and Procedures: If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government human resource management requirements, policies, and procedures, a Board's written human resource management policies and procedures ~~must~~ shall include a classification plan and uniform employee pay plan and must address benefits, progressive discipline (standards of conduct), professional conduct, employee ethics, compliance with the state Human Rights Regulations and the Board's local human rights policies and procedures, conflicts of interest, employee performance evaluation, equal employment opportunity, employee grievances, hours of work, leave, outside employment, recruitment and selection, transfer and promotion, termination and layoff, travel, initial employee orientation, examinations, employee to executive director and board of directors contact protocol, and on-the-job expenses.

If it is an administrative policy board that is a city or county department or agency or is required to adhere to local government human resource management requirements, policies, and procedures or it is a local government department with a policy-advisory board, a Board shall adhere to its local government's human resource management policies and procedures.

c. **Job Descriptions:** If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government human resource management requirements, policies, and procedures, a Board ~~must~~ shall have written, up-to-date job descriptions for all positions. Job descriptions ~~must~~ shall include identified essential functions, explicit responsibilities, and qualification statements, expressed in terms of knowledges, skills, and abilities as well as business necessity and bona fide occupational qualifications or requirements.

d. **Grievance Procedure:** If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government human resource management requirements, policies, and procedures, a Board's grievance procedure ~~must~~ shall satisfy § 15.2-1506 or § 15.2-1507 of the Code of Virginia.

e. **Uniform Pay Plan:** If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government human resource management requirements, policies, and procedures, a Board ~~must~~ shall adopt a uniform pay plan in accordance with § 15.2-1506 of the *Code* and the Equal Pay Act of 1963.

f. **Department Review:** If it is an operating board, a behavioral health authority, or an administrative policy board that is not a city or county department or agency or is not required to adhere to local government human resource management requirements, policies, and procedures, employee complaints regarding a Board's human resource management practices will be referred back to the Board for appropriate local remedies. The Department may conduct a human resource management review to ascertain a Board's compliance with performance contract requirements and assurances, based on complaints or other information received about a Board's human resource management practices. If a review is done and deficiencies are identified, a Board shall submit a formal plan of correction to the Office of Human Resource Management and Development in the Department within 45 days of receipt of an official report of a review. Minor compliance issues must be corrected within 45 days of submitting the plan. Action to correct major compliance issues ~~must~~ shall be initiated within 45 days and completed within 180 days of submitting the plan, unless the Department grants an extension.

If it is an administrative policy board that is a city or county department or agency or is required to adhere to local government human resource management requirements, policies, and procedures or it is a local government department with a policy-advisory board, employee complaints regarding a Board's human resource management practices will be referred back to the local government for appropriate local remedies. In response to complaints that it receives, the Department may conduct a review of the local government's human resource management practices at any time.

5. **Information Technology Capabilities and Requirements:** Boards shall meet the following requirements.

a. **Hardware and Software Procurement:** Any hardware and software purchased by a Board with state or federal funds shall be capable of addressing requirements

established by the Department, including communications, compatibility, and network protocols and the reporting requirements in the Performance Contract. Such procurements may be subject to review and approval by the Office of Information Technology Services in the Department.

b. Operating Systems: Boards shall use or have access to operating systems that are compatible with or are able to communicate with the Department's network. A Board's computer network or system ~~must~~ shall be capable of supporting and running the Department's Community Automated Reporting System (CARS) software and the current version of the Community Consumer Submission (CCS) extract software and should be capable of processing and reporting standardized aggregate and discrete data about individuals receiving services ~~(individuals)~~, services, and outcomes, provider performance measures, and revenues, expenditures, and costs based on documents and requirements listed in the Performance Contract.

c. Electronic Communication: Boards shall ensure that their information systems communicate with those used by the Department and that this communication conforms to the security requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). This communication shall provide file and data exchange capabilities for automated routines and access to legally mandated systems via the TCP/IP networking protocol.

d. Data Access: Boards shall develop and implement or access automated systems that allow for output of fiscal, service, and individual data, taking into consideration the need for appropriate security and confidentiality. Output shall be in a format prescribed by the Department. In addition to regular reports, such data may be used to prepare ad hoc reports on individuals and services and to update Department files using this information. Boards shall ensure that their information systems meet all applicable state and federal confidentiality, privacy, and security requirements, particularly concerning the distribution of identifying information, diagnosis, service history, and service use and that their information systems are compliant with HIPAA.

III. Department Requirements

A. State Requirements

1. Licensing Review Protocol for CARF-Accredited Board Outpatient and Day Support Services: The Department and Boards with directly operated programs that are accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF) have agreed to the following provisions, pursuant to the Partnership Agreement and in accordance with applicable requirements of the Code of Virginia and associated regulations.

a. The Department's Office of Licensing shall accept CARF surveys as a review of regulation compliance for those licensing regulations or standards that are the same for outpatient and day support services at Boards that have triennial licenses for these services. These regulations or standards are identified in the crosswalk between the licensing regulations and CARF standards that follows this section ~~(IV.A.8)~~.

b. The Office of Licensing shall accept the CARF review of compliance for the administrative, human resource, record management, and physical plant licensing regulations that also are covered by CARF regulations for outpatient and day support services.

c. Boards that are accredited by the CARF shall provide the results of CARF surveys to the Office of Licensing. These results shall be public documents.

d. The Office of Licensing shall conduct annual unannounced focused reviews as required by the Code of Virginia on specific areas of risk and on areas not covered by CARF standards, which may include emergency services ~~in outpatient services~~, case management services ~~licensed under the outpatient license~~, medication administration, review of incidents, or areas cited for deficiencies as a result of complaints or in previous surveys.

e. The Office of Licensing shall continue to access the same documents, records, staff, and individuals receiving services that it needs to access to conduct inspections and complaint investigations.

f. When practicable, the Office of Licensing shall issue triennial licenses to coincide with CARF accreditations.

g. New services implemented by a Board shall not be subject to these provisions until they achieve triennial licensing status.

h. The Office of Licensing shall conduct complaint investigations. Boards shall continue to report serious injuries to or deaths of individuals and allegations of abuse or neglect to the Department. The Offices of Licensing and Human Rights shall review these reports to ensure that reporting continues as required by applicable provisions of the *Code of Virginia* and associated human rights and licensing regulations.

i. Should multiple or serious violations be identified as a result of an investigation or inspection or the Department reduces a license in one of these services, full inspections by the Office of Licensing of all licensing regulations shall resume.

Crosswalk Between Licensing Regulations and 2010 CARF Standards		
No.	**Department Licensing Standard**	**2010 CARF Standard**
	Ch. 105, Part III. Administrative Services	
140	License Availability	
150	Compliance with Laws, Regulations, and Policies	Sec. 1, E.1-2
160	Reviews by Department; Request for Information	Sec. 1, E.1
170	Corrective Action Plan	
180	Notification of Changes	
190	Operating Authority, Governing Body, and Organizational Structure	Sec. 1, A.1-3, A.5-6, A.8, A.10
200	Appointment of Administrator	Sec. 1, A.1
210	Fiscal Accountability	Sec. 1, C.1, F.1-7, F.9-11, M.3
220	Indemnity Coverage	Sec. 1, G.2
230	Written Fee Schedule	Sec. 1, F.8
240	Policy/Funds of Individuals Receiving Services	Sec. 1, F.12
250	Deceptive or False Advertising	Sec. 1, A.5
260	Building Inspection and Classification	Sec. 1, H.1, H.11-12
270	Building Modifications	
280	Physical Environment	Sec. 1, H.1
290	Food Service Inspections	Sec. 1, H.1, H.11
300	Sewer and Water Inspections	Sec. 1, H.1, H.11
310	Weapons	Sec. 1, H.20
320	Fire Inspections	Sec. 1, H.11, H.16
330	Beds	Sec. 3, U.4
340	Bedrooms	Sec. 3, U.4
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360	Privacy	Sec. 3, U.4
370	Ratios of Toilets, Basins, Showers or Baths	
380	Lighting	
390	Confidentiality and Security Personnel Records	Sec. 1, E.3-4
400	Criminal Registry Checks	Sec. 1, I.2
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420	Qualifications of Employees or Contractors	Sec. 1, I.4-9
430	Employee or Contractor Personnel Records	Sec. 1, E.3-4; I.10
440	Orientation of New Employees, Contractors, Volunteers, and Students	Sec. 1, H.4, I.4-5, I.7, I.10-11
450	Employee Training & Development	Sec. 1, H.4, H.9, H.17, I.4-5, I.11-12
460	Emergency Medical or First Aid Training	Sec. 1, H.4
470	Notification of Policy Changes	Sec. 1, I.8
480	Employee or Contractor Performance Evaluation	Sec. 1, I.4, I.6, I.10
490	Written Grievance Policy	Sec. 1, I.8
500	Students and Volunteers	Sec. 1, I.7
510	Tuberculosis Screening	Sec. 1, H.9, I.2
520	Risk Management	Sec. 1, G.1-2, H.7-8, H.11-12
530	Emergency Preparedness and Response Plan	Sec. 1, H.2-8, H.13-14
540	Access to Telephone in Emergencies; Emergency Telephone Numbers	Sec. 1, H.5-6
550	First Aid Kit Accessible	Sec. 1, H.6
560	Operable Flashlights or Battery Lanterns	Sec. 1, H.5, H.17

Community Services Board Administrative Requirements

	Ch. 105, Part IV. Services and Supports	
570	Mission Statement	Sec. 1, A.2-3
580	Service Description Requirements	Sec. 2, A.1-3, A.8
590	Provider Staffing Plan	Sec. 1, I.1, I.9; Sec. 2, A.5, A.12
600	Nutrition	Sec. 3, U.4
610	Community Participation	Sec. 2, A.9, A.13, A.19
620	Monitoring and Evaluating Service Quality	Sec. 1, N.1-2; Sec. 2, A.6, H.1-5
630	Policies on Screening, Admission, and Referrals	Sec. 2, B.1-4
640	Screening and Referral Services Documentation and Retention	Sec. 2, B.1-4
650	Assessment Policy	Sec. 2, B.6-11
660	Individualized Services Plan (ISP)	Sec. 2, C.1-7
670	ISP Requirements	Sec. 2, C.1-7
680	Progress Notes or Other Documentation	Sec. 2, C.8
690	Orientation	Sec. 2, B.5
700	Written Policies and Procedures for a Crisis or Clinical Emergency	Sec. 1, H.15; Sec. 2, A.7
710	Documenting Crisis Intervention and Clinical Emergency Services	Sec. 2, C.8
720	Health Care Policy	Sec. 2, B.8, E.5
730	Medical Information	Sec. 2, B.8, E.5
740	Physical Examination	Sec. 2, E.5
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780	Medication Errors and Drug Reactions	Sec. 1, H.7-8; Sec. 2, E.4-5, E.10
790	Medication Administration and Storage or Pharmacy Operation	Sec. 2, E.1-10
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1350	Pharmacy Services for Providers of Gero-Psychiatric Residential Services	
1360	Admission and Discharge Criteria	Sec. 2, A.1, A.3, B.1-2
1370	Treatment Team and Staffing Plan	Sec. 3, A.1-32
1380	Contacts	Sec. 3, A.10-27
1390	ICT and PACT Service Daily Operation and Progress Notes	Sec. 3, A.28-33
1400	ICT and PACT Assessment	Sec. 2, B.6-11; Sec. 3, A.10, A.19, A.28
1410	Service Requirements	Sec. 3, A.6-29, A.34

Appendix A: Continuity of Care Procedures

Overarching Responsibility: Sections 37.2-500 and 37.2-601 of the Code of Virginia and State Board Policy 1035 state that community services boards (CSBs) are the single points of entry into publicly funded mental health, mental retardation, and substance abuse services. Related to this principle and as required by § 37.2-505 of the Code of Virginia, it is the responsibility of Boards to assure that individuals receive:

- preadmission screening that confirms the appropriateness of admission to a state hospital or training center (state facilities) and
- discharge planning services, beginning at the time of admission to the state facility, that enable timely discharge from the state facility and appropriate post-discharge, community-based services.

Throughout this Appendix, the term community services board (CSB) is used to refer to an operating CSB, an administrative policy CSB, a local government department with a policy-advisory CSB, or a behavioral health authority, also referred to in the Community Services Performance Contract as Boards. State hospital is defined in § 37.2-100 of the *Code of Virginia* as a hospital, psychiatric institute, or other institution operated by the Department that provides care and treatment for persons with mental illness. Training center is defined in § 37.2-100 as a facility operated by the Department for the treatment, training, or habilitation of persons with mental retardation (intellectual disability).

These ~~procedures~~ Continuity of Care Procedures must be read and implemented in conjunction with the ~~current~~ *Discharge ~~Planning~~ Protocols for Community Services Boards and State Hospitals* issued by the Department on 12-01-2010, ~~and~~ incorporated by reference as part of this document, and available on the Department's web site at www.dbhds.virginia.gov/documents/OMH-DischargeProtocols.pdf or the *Admission and Discharge Protocols for Persons with Mental Retardation Served in State Mental Retardation Facilities*, issued by the Department on 03-26-2003, incorporated by reference as part of this document, and available on the Department's web site at www.dbhds.virginia.gov/documents/ODS/OMR-AdmissionDischargeProtocols.pdf. Applicable provisions in ~~the~~ those protocols have replaced most treatment team, discharge, and post-discharge activities that were described in earlier versions of these procedures; however a few remain in the procedures. In the event of a conflict between any Continuity of Care Procedures and ~~the~~ these ~~*Discharge Planning*~~ *Protocols*, provisions in the protocols shall apply.

I. State Facility Admission Criteria

A. State Hospitals

1. An individual must meet the following criteria for admission to a state hospital.
   a. **Adults:** The individual meets one of the criteria in section A. 1.) below or one or more of the other criteria listed in section A and the criterion in section B:

      Section A:

      1.) the person has a mental illness and there is a substantial likelihood that, as a result of mental illness, the person will, in the near future,

         a.) cause serious physical harm to himself or others as evidenced by recent behavior causing, attempting, or threatening harm and other relevant information, if any, or
         b.) suffer serious harm due to his lack of capacity to protect himself from harm or to provide for his basic human needs[1]; or

      [1] Criteria for involuntary admission for inpatient treatment to a facility pursuant to § 37.2-817.C of the Code of Virginia.

2.) the person has a condition that requires intensive monitoring of newly prescribed drugs with a high rate of complications or adverse reactions; or

3.) the person has a condition that requires intensive monitoring and intervention for toxic effects from therapeutic psychotropic medication and short term community stabilization is not deemed to be appropriate; and

Section B:

4.) all available less restrictive treatment alternatives to involuntary inpatient treatment that would offer an opportunity for the improvement of the person's condition have been investigated and determined to be inappropriate (§37.2-817.C of the Code of Virginia).

b. **Children and Adolescents:** Due to a mental illness, the child or adolescent meets one or more of the criteria in section A and both criteria in section B:

Section A:

1.) presents a serious danger to self or others such that severe or irremediable injury is likely to result, as evidenced by recent acts or threats [2]; or

2.) is experiencing a serious deterioration of his ability to care for himself in a developmentally age-appropriate manner, as evidenced by delusional thinking or significant impairment of functioning in hydration, nutrition, self-protection, or self control [2]; or

[2] Criteria for parental or involuntary admission to a state hospital.

3.) requires monitoring of newly prescribed drugs with a high rate of complications or adverse reactions or monitoring for toxic effects from therapeutic psychotropic medication; and

Section B:

4.) is in need of inpatient treatment for a mental illness and is likely to benefit from the proposed treatment; and

5.) all treatment modalities have been reviewed and inpatient treatment at a state hospital is the least restrictive alternative that meets the minor's needs (§ 16.1-338, §16.1-339, and § 16.1-344 of the Code of Virginia).

The determination of least restrictive alternative should be a joint decision of the case management CSB and the receiving state hospital~~,~~ with input from the individual receiving services and family members. The CSB must document specific community alternatives considered or attempted and the specific reasons why state hospital placement is the least restrictive setting for the individual at this time.

2. Admission to state hospitals is not appropriate for:

a. individuals who have behaviors that are due to medical disorders, neurological disorders (including head injury), or intellectual disability and who do not have a qualifying psychiatric diagnosis or serious emotional disturbance;

b. individuals with unstable medical conditions that require detoxification services or other extensive medical services;

c. individuals with a diagnosis of dementia, as defined in the Diagnostic and Statistical Manual, unless they also have significant behavioral problems, as determined by qualified state hospital staff;

d. individuals with primary diagnoses of adjustment disorder, anti-social personality disorder, or conduct disorder; and

e. individuals with a primary diagnosis of substance use disorder unless it is a co-occurring disorder with a qualifying psychiatric diagnosis or serious emotional disturbance.

3. In most cases, individuals with severe or profound levels of intellectual disability are not appropriate for admission to a state hospital. However, individuals with a mental illness who are also diagnosed with mild or moderate intellectual disability but are exhibiting signs of acute mental illness may be admitted to a state hospital if they meet the preceding criteria for admission due to their mental illness and have a primary need for mental health services. Once these psychiatric symptoms subside, the person must be reassessed according to AAIDD criteria and must be discharged to an appropriate setting.
4. Individuals with a mental health disorder who are also diagnosed with a co-occurring substance use disorder may be admitted to a state hospital if they meet the preceding criteria for admission.
5. For a forensic admission to a state hospital, an individual must meet the criteria for admission to a state hospital.

B. Training Centers

1. Admission to a training center for a person with intellectual disability will occur only when all of the following circumstances exist.
   a. The training center is the least restrictive and most appropriate available placement to meet the individual's treatment and training needs.
   b. Programs in the community cannot provide the necessary adequate supports and services required by an individual as determined by the CSB, pursuant to § 37.2-505 or § 37.2-606 of the Code of Virginia.
   c. It has been documented in the person's plan of care that the individual and his or her parents or authorized representative have selected ICF/MR services after being offered a choice between ICF/MR and community MR waiver services and that they agree with placement at a training center.
   d. The training center director approves the admission to the training center, with the decision of the director being in compliance with State Board regulations that establish the procedure and standards for issuance of such approval, pursuant to § 37.2-806 of the Code of Virginia.
   e. Documentation is present that the individual meets the AAIDD definition of intellectual disability and level 6 or 7 of the ICF/MR Level of Care.
   f. The individual demonstrates a need for extensive or pervasive supports and training to perform activities of daily living (ICF/MR Level of Care 6 or 7).
   g. The individual demonstrates one or more of the following conditions:
      - exhibits challenging behaviors (e.g., behavior patterns that may be manifested in self-injurious behavior, aggression toward others, or behaviors that pose public safety risks),
      - does not have a mental health diagnosis without also having an intellectual disability diagnosis, or
      - is medically fragile (e.g., has a chronic medical condition or requires specialized technological health care procedures or ongoing support to prevent adverse physical consequences).

2. After the training center director approves the admission, the CSB shall initiate the judicial certification process, pursuant to § 37.2-806 of the Code of Virginia.
3. Admission to a training center is not appropriate for obtaining:
   a. extensive medical services required to treat an unstable medical condition,
   b. evaluation and program development services, or
   c. treatment of medical or behavioral problems that can be addressed in the community system of care.
4. Special Circumstances for Respite Care or Emergency Admissions
   a. Requests for respite care admissions to training centers must meet the criteria for admission to a training center and the regulations adopted by the State Board. The admission must be based on the need for a temporary placement and will not exceed statutory time limits (21 consecutive days or a maximum of 75 days in a calendar year) set forth in § 37.2-807 of the Code of Virginia.
   b. Emergency admissions to training centers must meet the criteria for admission to a training center and must:
      - be based on specific, current circumstances that threaten the individual's health or safety (e.g., unexpected absence or loss of the person's caretaker),
      - require that alternate care arrangements be made immediately to protect the individual, and
      - not exceed statutory time limits (21 consecutive days or a maximum of 75 days in a calendar year) set forth in § 37.2-807 of the Code of Virginia.
   c. No person shall be admitted to a training center for a respite admission or an emergency admission unless the CSB responsible for the person's care, normally the case management CSB, has agreed in writing to begin serving the person on the day he or she is discharged from the training center, if that is less than 21 days after his or her admission, or no later than 21 days after his or her admission.

II. Preadmission Screening Services and Assessments Required Prior to State Facility Admission

A. CSB Preadmission Screening Requirements

1. CSBs will perform preadmission screening assessments on all individuals for whom admission, or readmission if the person is already in the hospital, to a state hospital is sought. A qualified CSB employee or designee shall conduct a comprehensive face-to-face evaluation of each individual who is being screened for admission to a state hospital. All CSB preadmission screeners for admission to state hospitals shall meet the qualifications for preadmission screeners as required in § 37.2-809 of the Code of Virginia. The preadmission screener shall forward a completed ~~DMHMRSAS~~ DBHDS MH Preadmission Screening Form to the receiving state hospital before the individual's arrival.
2. CSBs should ensure that employees or designees who perform preadmission screenings to a state hospital have expertise in the diagnosis and treatment of mental illnesses and consult, as appropriate, with professionals who have expertise in working with and evaluating persons with intellectual disability or substance use disorders or children and adolescents with serious emotional disturbance.
3. CSBs should ensure that employees or designees who perform preadmission screenings for admission to a training center have expertise in the diagnosis and treatment of persons with intellectual disability and consult, as appropriate, with

professionals who have expertise in working with and evaluating individuals with mental health or substance use disorders.

4. Results of the CSB's comprehensive face-to-face evaluation of each individual who is being screened for admission to a state facility should be forwarded to the receiving state facility for its review before the person's arrival at the facility. This evaluation should include the CSB assessments listed in the following section.
5. When an individual who has not been screened for admission by a CSB arrives at a state facility, he should be screened in accordance with procedures negotiated by the state facility and the CSBs that it serves. State facility staff will not perform preadmission screening assessments.
6. Preadmission screening CSBs must notify the state hospital immediately in cases in which the CSB preadmission screener did not recommend admission but the individual has been judicially admitted to the state hospital.
7. The case management CSB or its designee shall conduct preadmission screening assessments for the readmission of any individuals it serves in a state hospital.

B. Assessments Required Prior to Admission to a State Hospital: Section 37.2-815 of the Code of Virginia requires an examination, which consists of items 1 and 2 below and is conducted by an independent examiner, of the person who is the subject of a civil commitment hearing. The same Code section permits CSB staff, with certain limitations, to perform these examinations. The same items are required for a voluntary admission, but they do not have to be performed by an examiner referenced in § 37.2-815.

1. If there is reason to suspect the presence of a substance use disorder and available information is not adequate to make a determination of its existence, a substance use disorder screening, including completion of:
   a. a comprehensive drug screen including blood alcohol concentration (BAC), with the individual's consent, and
   b. the Substance Abuse Subtle Screening Inventory (SASSI) or Simple Screening Instrument (SSI) for adults or the adolescent version of SASSI for adolescents age 12 and older. The SASSI will not be required for youth under age 12.
2. A clinical assessment that includes:
   a. a face-to-face interview or one conducted via two-way electronic video and audio communication system, including arrangements for translation or interpreter services for individuals when necessary;
   b. clinical assessment information, as available, including documentation of:
      - a mental status examination, including the presence of a mental illness and a differential diagnosis of an intellectual disability,
      - determination of current use of psychotropic and other medications, including dosing requirements,
      - a medical and psychiatric history,
      - a substance use, dependence, or abuse determination, and
      - a determination of the likelihood that, as a result of mental illness, the person will, in the near future, suffer serious harm due to his lack of capacity to protect himself from harm or to provide for his basic human needs;
   c. a risk assessment that includes an evaluation of the likelihood that, as a result of mental illness, the person will, in the near future, cause serious physical harm to

himself of others as evidenced by recent behavior causing, attempting, or threatening harm and other relevant information, if any;

d. an assessment of the person's capacity to consent to treatment, including his ability to:
   - maintain and communicate choice,
   - understand relevant information, and
   - comprehend the situation and its consequences;

e. a review of the temporary detention facility's records for the person, including the treating physician's evaluation, any collateral information, reports of any laboratory or toxicology tests conducted, and all admission forms and nurses' notes ;

f. a discussion of treatment preferences expressed by the person or contained in a document provided by the person in support of recovery;

g. an assessment of alternatives to involuntary inpatient treatment; and

h. recommendations for the placement, care, and treatment of the person.

3. To the extent practicable, a medical assessment performed by an available medical professional (i.e., an M.D. or a nurse practitioner) at, for example, the CSB or an emergency room. Elements of a medical assessment include a physical examination and a medical screening of:

   a. known medical diseases or other disabilities;

   b. previous psychiatric and medical hospitalizations;

   c. medications;

   d. current use of alcohol and illicit drugs, using blood alcohol concentrations and the results of the comprehensive drug screen; and

   e. physical symptoms that may suggest a medical problem.

4. If there is reason to suspect the presence of intellectual disability, to the extent practicable, a psychological assessment that reflects the person's current level of functioning based on the current AAIDD criteria should be performed if a recent psychological assessment is not already available to the preadmission screener.

5. When a state hospital accepts a direct admission, the Medical Officer on Duty should be contacted prior to admission to determine which of these assessments are needed. The state hospital shall communicate the results its decision in writing to the Board within four hours.

C. CSB Assessments Required Prior to Admission to a Training Center

1. For certified admission to a training center, a completed preadmission screening report that shall include ~~at a minimum~~ the following information:

   a. ~~The~~ A completed preadmission screening report, which shall include at a minimum:

      i. an application for services;

      ii. a medical history indicating the presence of any current medical problems as well as the presence of any known communicable disease. In all cases, the application shall include any currently prescribed medications as well as any known medication allergies;

      iii. a social history and current housing or living arrangements; and

      iv. a psychological evaluation that reflects the individual's current functioning.

b. The preadmission screening report shall include the following information, as appropriate:

i. a current individualized education plan for school-aged individuals,

ii. a vocational assessment for adults,

iii. a completed discharge plan outlining the services to be provided upon discharge and anticipated data of discharge, and

iv. a statement from the individual, family member, or authorized representative requesting services in the training center.

c. If there is reason to suspect the presence of a substance use disorder (e.g., current or past substance dependence or addiction) and available information is not adequate to make a determination of its existence, a substance use disorder screening, including completion of:

i. a comprehensive drug screen including blood alcohol concentration (BAC), with the individual's consent, and

ii. the Substance Abuse Subtle Screening Inventory (SASSI) or Simple Screening Instrument (SSI) for adults or the adolescent version of SASSI for adolescents age 12 and older. The SASSI will not be required for youth under age 12.

d. When indicated, an assessment of the individual's mental status to determine the presence of a co-occurring mental illness. This mental status assessment should include:

i. a face-to-face interview, including arrangements for translation or interpreter services for individuals;

ii. clinical assessment information, as available, including documentation of the following:

- a mental status examination,
- current psychotropic and other medications, including dosing requirements,
- medical and psychiatric history,
- substance use or abuse,
- information and recommendations of other current service providers (e.g., treating physicians) and appropriate significant persons (e.g., spouse, parents), and
- ability to care for self; and

iii. assessment of capacity to consent to treatment, including an evaluation of such processes as the ability to:

- maintain and communicate choice,
- understand relevant information, and
- understand the situation and its consequences.

2. For respite admissions to a training center, information requirements for the admission package are limited, but must include:

a. an application for services;

b. a medical history indicating the presence of any current medical problems as well as the presence of any known communicable disease. In all cases, the application shall include any currently prescribed medications as well as any known medication allergies;

c. a social history and current status;

d. a psychological evaluation that reflects the individual's current functioning.

e. a current individualized education plan for school-aged individuals unless the training center director or designee determines that sufficient information as to the individual's abilities and needs is included in other reports received;

f. a vocational assessment for adults unless the training center director or designee determines that sufficient information as to the individual's abilities and needs is included in other reports received;

g. a statement from the Board that respite care is not available in the community for the individual;

h. a statement from the Board that the appropriate arrangements are being made to return the individual to the Board within the time frame required under the regulations for respite admissions to training centers; and

i. a statement from the individual, family member, or authorized representative specifically requesting services in the training center.

3. For emergency admissions to a training center, information required for a respite admission is required; however, if the information is not available, this requirement may be waived temporarily only if arrangements have been made for receipt of the required information within 48 hours of the emergency admission.

D. Disposition of Individuals with Acute or Unstable Medical Conditions

1. Individuals who are experiencing acute or unstable medical conditions will not receive medical clearance for admission to a state hospital or training center. Examples of these conditions include: untreated acute medical conditions requiring surgery or other immediate treatment, acute pneumonia, respiratory distress, acute renal failure or chronic renal failure requiring dialysis, unstable diabetes, symptoms of alcohol or drug toxicity, and erratic consciousness of unknown origin.

2. CSBs should have procedures in place to divert individuals who do not meet state facility admission criteria due to with medical conditions to appropriate medical facilities.

E. Procedures for Dealing with Inappropriate Judicial Admissions to State Facilities

1. The individual's case management CSB shall immediately formulate and implement a discharge plan, as required by § 37.2-505 or § 37.2-606 of the Code of Virginia, if a state hospital determines that an individual who has been judicially admitted to the hospital is inappropriate for admission (e.g., the person does not meet the admission criteria listed in these procedures).

2. CSBs will be notified of the numbers of their admissions that state hospitals have determined do not meet the admission criteria in these procedures. State hospitals will report this information to the Department and the affected CSBs at least quarterly in a format prescribed by the Department. This information will be discussed during the bi-monthly utilization review and utilization management process developed and implemented by CSBs and state hospitals, which is described in the next section. This will include inappropriate jail transfers for evaluation and treatment.

III. CSB Participation on Interdisciplinary Treatment Teams and Coordination with State Facility in Service Planning

Refer to the current applicable *Discharge ~~Planning~~ Protocols*~~, issued by the Department and incorporated by reference as part of this Document,~~ for other CSB requirements related to participation in treatment planning while the individual is in the state ~~hospital or training center (state~~ facility~~)~~.

A. Staff of the case management CSBs shall participate in readmission hearings at state hospitals by attending the hearings or participating in teleconferences or video conferences. State hospital staff will not represent CSBs at readmission hearings.

B. CSBs and state facilities shall develop and implement a bi-monthly utilization review and utilization management process to discuss and address issues related to the CSB's utilization of state facility services. This includes reviewing the status and lengths of stay of individuals served by the CSB and developing and implementing actions to address census management issues.

IV. CSB Discharge Planning Responsibilities

Refer to the current applicable *Discharge ~~Planning~~ Protocols*~~, issued by the Department and incorporated by reference as part of this Document,~~ for other CSB requirements related to discharge planning responsibilities.

A. State facilities shall provide or arrange transportation, to the extent practicable, for individuals for discharge-related activities. Transportation includes travel from state facilities to community settings for trial visits and back to state facilities after such visits. The case management CSB shall provide or arrange transportation, to the extent practicable, for an individual whose admission to a state facility has been determined to be inappropriate, resulting in the person's discharge in accordance with § 37.2-837, § 37.2-505, § 37.2-606, or § 16.1-346.B of the Code of Virginia, and shall provide or arrange transportation for individuals when they are discharged from state facilities.

V. Discharge Criteria and Resolution of Disagreements about an Individual's Readiness for Discharge

A. Each state facility and the CSBs that it serves will use the following discharge criteria.

1. ***State Hospitals***

a. **Adults:** An adult will be discharged from a state hospital when hospitalization is no longer clinically appropriate. The interdisciplinary treatment team will use all of the following criteria to determine an individual's readiness for discharge:

1.) the individual has a mental illness but there is not a substantial likelihood that, as a result of mental illness, the person will, in the near future,

a.) cause serious physical harm to himself or others as evidenced by recent behavior causing, attempting, or threatening harm and other relevant information, if any, or

b.) suffer serious harm due to his lack of capacity to protect himself from harm or to provide for his basic human needs; and

2.) inpatient treatment goals, as documented in the person's individualized treatment plan, have been addressed sufficiently, and

3.) the individual is free from serious adverse reactions to or complications from medications and is medically stable.

b. **Children and Adolescents:** A child or an adolescent will be discharged from a state hospital when he or she no longer meets the criteria for inpatient care. The interdisciplinary treatment team will use the following criteria to determine an individual's readiness for discharge:

1.) the minor no longer presents a serious danger to self or others, and

2.) the minor is able to care for himself in a developmentally appropriate manner; and, in addition,

3.) the minor, if he is on psychotropic medication, is free from serious adverse effects or complications from the medications and is medically stable;

OR when any of the following apply:

4.) the minor is unlikely to benefit from further acute inpatient psychiatric treatment;

5.) the minor has stabilized to the extent that inpatient psychiatric treatment in a state hospital is no longer the least restrictive treatment intervention; or

6.) if the minor is a voluntary admission, the legal guardian or the minor, if he is age 14 or older, has withdrawn consent to admission (§ 16.1-338.D of the Code of Virginia), unless continued hospitalization is authorized under § 16.1-339, § 16.1-340, or § 16.1-345 of the Code of Virginia within 48 hours of the withdrawal of consent to admission.

2. ***Training Centers*:** Any individual is ready for discharge from a training center when the supports that are necessary to meet his or her needs are available in the community of his or her choice.

B. The state facility shall provide assessment information that is equivalent to the information specified in sections II.B. or II.C. (except for items B.3.a. and g. and C.3.a. and h.) of these procedures to the CSB when an individual is being considered for discharge to the community.

C. The CSB shall be notified when the state facility interdisciplinary treatment team determines that an individual admitted to a state facility does not meet the admission criteria in these procedures and needs to be discharged in accordance with § 37.2-837 and § 37.2-505 or § 37.2-606 of the Code of Virginia.

D. A disagreement as to whether an individual is ready for discharge from a state facility is solely a clinically-based disagreement between the state facility treatment team and the CSB that is responsible for the individual's care in the community. A dispute may occur when either:

1. the treatment team determines that the individual is clinically ready for discharge and the CSB disagrees; or
2. the CSB determines that an individual is clinically ready for discharge and the treatment team disagrees.

See the applicable Discharge Protocols for further guidance about resolving such disagreements.

VI. CSB Post-discharge Services

Refer to the current applicable *Discharge ~~Planning~~ Protocols*~~, issued by the Department and incorporated by reference as part of this Document,~~ for other CSB requirements related to post-discharge services responsibilities.

A. Individuals discharged from a training center who have missed their first appointment with a CSB case manager or in a day support program shall be contacted by the case management CSB within 14 calendar days.

B. To reduce readmissions to training centers, CSBs shall, to the extent practicable, establish an ~~MR~~ developmental crisis stabilization/behavior management capability to work with individuals who have been discharged from a training center who are having difficulty adjusting to their new environments.

Appendix B: Federal Substance Abuse Prevention and Treatment Block Grant Requirements

Certification Regarding Environmental Tobacco Smoke: Substance Abuse Prevention and Treatment (SAPT) Block Grant and Community Mental Health Services Block Grant

Public Law 103-227, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, early childhood development services, education or library services to children under the age of 18, if the services are funded by federal programs either directly or through state or local governments, by federal grant, contract, loan, or loan guarantee. The law also applies to children's services that are constructed, operated, or maintained with such federal funds. The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; Boards whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where WIC coupons are redeemed. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to $1,000 for each violation and/or the imposition of an administrative compliance order on the responsible entity.

By signing a performance contract, a Board certifies that it will comply with the requirements of the Act and will not allow smoking within any portion of any indoor facility used for the provision of services to children as defined by the Act.

A Board agrees that it will require that the language of this certification be included in any subawards that contain provisions for children's services and that all subrecipients shall certify accordingly.

Special Federal Substance Abuse Prevention and Treatment Block Grant (CFDA 93.959) Compliance Requirements

Treatment services provided with federal Substance Abuse Prevention and Treatment Block Grant (SAPT) funds must satisfy federally mandated requirements. SAPT funds must be treated as the payer of last resort only for providing services to pregnant women and women with dependent children and TB and HIV services [Source: 45 CFR § 96.137]. Relevant requirements of the Substance Abuse Prevention and Treatment Block Grants; Interim Final Rule (45 CFR Part 96) are summarized below. As subgrantees of the Department, the Board and its subcontractors under this performance contract are responsible for compliance with these requirements. Failure to address these requirements may jeopardize all SAPT block grant funds awarded to the Board.

1. **Meet Set-Aside Requirements:** Federal law requires that the state expend its allocation to address established minimum set-asides. In order to address these set-asides, the Department shall designate its awards to the Board in specified categories, which may include:

   a. primary prevention,

   b. treatment services for substance use disorders, and

   c. services to pregnant women and women with dependent children.

   The Board must utilize these funds for the purposes for which they are indicated in the performance contract and the letter of notification. The Board must provide documentation in its semi-annual (2nd quarter) and annual (4th quarter) performance contract reports of expenditures of the set-asides to the Office of Substance Abuse Services and the Division of Finance and Administration in the Department to ensure that the state meets its set-aside requirements.

   [Sources: 45 CFR § 96.124 and 45 CFR § 96.128]

2. Primary Prevention Services: Federal law requires that funds designated for primary prevention services be directed at individuals not identified to be in need of treatment and that a variety of strategies be utilized, to include the following strategies.

a. *Information Dissemination*: This strategy provides awareness and knowledge of the nature and extent of alcohol, tobacco, and drug use, abuse, and addiction and their effects on individuals, families, and communities. It also provides knowledge and awareness of available prevention programs and services. Information dissemination is characterized by one-way communication from the source to the audience, with limited contact between the two. Examples of activities conducted and methods used for this strategy include:

1) clearinghouse and information resource center(s),
2) resource directories,
3) media campaigns,
4) brochures,
5) radio and TV public service announcements,
6) speaking engagements,
7) health fairs and health promotion, and
8) information lines.

b. *Education*: This strategy involves two-way communication and is distinguished from the information dissemination strategy by the fact that interaction between the educator or facilitator and the participants is the basis of its activities. Activities under this strategy aim to affect critical life and social skills, including decision-making, refusal skills, critical analysis (e.g. of media messages), and systematic judgment abilities. Examples of activities conducted and methods used for this strategy include:

1) classroom and small group sessions (all ages),
2) parenting and family management classes,
3) peer leader and helper programs,
4) education programs for youth groups, and
5) children of substance abusers groups.

c. *Alternatives*: This strategy provides for the participation of target populations in activities that exclude alcohol, tobacco, and other drug use. The assumption is that constructive and healthy activities offset the attraction to, or otherwise meet the needs usually filled by, alcohol, tobacco, and other drugs and would, therefore, minimize or obviate resort to the latter. Examples of activities conducted and methods used for this strategy include:

1) drug free dances and parties,
2) youth and adult leadership activities,
3) community drop-in centers, and
4) community-service activities.

d. *Problem Identification and Referral*: This strategy aims at identification of those who have indulged in illegal or age-inappropriate use of tobacco or alcohol and those persons who have indulged in the first use of illicit drugs in order to assess if their behavior can be reversed through education. It should be noted, however, that this strategy does not include any activity designed to determine if a person is in need of treatment. Examples of activities conducted and methods used for this strategy include:

1) employee assistance programs,
2) student assistance programs, and
3) driving while under the influence and driving while intoxicated programs.

e. *Community-Based Process*: This strategy aims to enhance the ability of the community to provide prevention and treatment services for alcohol, tobacco, and drug abuse disorders more effectively. Activities in this strategy include organizing, planning, enhancing

efficiency and effectiveness of services implementation, inter-agency collaboration, coalition building, and networking. Examples of activities conducted and methods used for this strategy include:

1) community and volunteer training, e.g., neighborhood action training, training of key people in the system, staff and officials training;
2) systemic planning;
3) multi-agency coordination and collaboration;
4) accessing services and funding; and
5) community team-building.

f. *Environmental*: This strategy establishes or changes written and unwritten community standards, codes, and attitudes, thereby influencing the incidence and prevalence of the abuse of alcohol, tobacco, and other drugs used in the general population. This strategy is divided into two subcategories to permit distinction between activities that center on legal and regulatory initiatives and those that relate to the service and action-oriented initiatives. Examples of activities conducted and methods used for this strategy include:

1) promoting the establishment and review of alcohol, tobacco, and drug use policies in schools;
2) technical assistance to communities to maximize local enforcement procedures affecting the availability and distribution of alcohol, tobacco, and other drugs;
3) modifying alcohol and tobacco advertising practices; and
3) product pricing strategies.

[Source: 45 CFR § 96.125]

3. Services to Pregnant Women and Women with Dependent Children, Including Women who are Attempting to Regain Custody of their Children, Except in Cases where Parental Rights have been Terminated: Federal law requires that funds allocated to the Board under this set-aside must support, at a minimum, the following services, either directly or by a written memorandum of understanding:

a. primary medical care for women, including referral for prenatal care, and child care while such women are receiving this care;

b. primary pediatric care, including immunization for their children;

c. gender-specific substance abuse treatment and other therapeutic interventions for women that may address issues of relationships, sexual and physical abuse, and parenting and child care while the women are receiving these services;

d. therapeutic interventions for children in custody of women in treatment that may, among other things, address their developmental needs and their issues of sexual and physical abuse and neglect; and

e. sufficient case management and transportation to ensure that women and their children have access to services provided by paragraphs 2.a-d.

In addition to complying with the requirements described above, the Board shall:

a. treat the family as a unit and, therefore, admit both women and their children into treatment services, if appropriate [Source: 45 CFR § 96.124(e)];

b. report to the Department when it has insufficient capacity to provide treatment to the woman and make available interim services, including a referral for prenatal care, within 48 hours of the time the woman initially seeks services [Source: 45 CFR § 96.131]; and

c. publicize the availability and priority of treatment for pregnant women [Source: 45 CFR § 96.131].

4. **Preference in Admission:** The Board must give preference in admission to pregnant women who seek or are referred for and would benefit from SAPT Block Grant-funded treatment services. The Board must give admission preference to individuals in the following order:

   a. pregnant injecting drug users,

   b. other pregnant substance abusers,

   c. other injecting drug users, and

   d. all other individuals.

   [Source: 45 CFR § 96.128]

5. **Services for persons at risk of HIV/AIDS:** Virginia is no longer considered a designated state under these regulations and is no longer required to spend five percent of the federal SAPT Block Grant on HIV Early Intervention Services (EIS). Further, Virginia is prohibited from spending federal funds on HIV EIS. Consequently, neither the Department nor the Board may spend federal SAPT Block Grant funds for these services. However, if the Board has an HIV rate of 10 percent or more and wishes to continue its HIV EIS during the term of this contract, it may use state general or local funds that are available to it for this purpose. If the Board uses state general funds for HIV EIS, those funds will become restricted for that purpose, and the Board must meet the same requirements as the federal criteria for HIV EIS activities. In any event, the Board should determine if individuals are engaging in high risk behaviors for HIV infection and encourage them to contact their local health departments for HIV testing and preventative supplies.

6. **Interim Services:** Federal law requires that the Board, if it receives any Federal Block Grant funds for operating a program of treatment for substance addiction or abuse, either directly or through arrangements with other public or private non-profit organizations, routinely make available services for persons who have sought admission to a substance abuse treatment program yet, due to lack of capacity in the program, have not been admitted to the program. While awaiting admission to the program, these individuals must be provided, at a minimum, with certain interim services, including counseling and education about HIV and tuberculosis (TB). Interim services means services that are provided until an individual is admitted to a substance abuse treatment program. The purposes of such interim services are to reduce the adverse health effects of substance abuse, promote the health of the individual, and reduce the risk of transmission of disease.

   a. For pregnant women, interim services also include counseling about the effects of alcohol and drug abuse on the fetus and referral for prenatal care. [Source: 45 CFR § 96.121, Definitions]

   b. At a minimum, interim services must include the following:
      1) counseling and education about HIV and tuberculosis (TB),
      2) the risks of needle sharing, the risks of transmission to sexual partners and infants, and
      3) the steps that can be taken to ensure the HIV and TB transmission does not occur and include referral for HIV or TB treatment services, if necessary.

   [Source: 45 CFR §§ 96.121 and 96.126]

7. **Services for Individuals with Intravenous Drug Use:** If the Board offers a program that treats individuals for intravenous drug abuse, it must:

   a. provide notice to the Department within seven days when the program reaches 90 percent of capacity;

   b. admit each individual who requests and is in need of treatment for intravenous drug abuse not later than:
      1) 14 days after making the request, or
      2) 120 days after making the request if the program

- has no capacity to admit the person on the date of the request, and
- within 48 hours of the request makes interim services as defined in 45 CFR § 96.126 available until the individual is admitted to the program;

c. maintain an active waiting list that includes a unique identifier for each injecting drug abuser seeking treatment, including individuals receiving interim services while awaiting admission;

d. have a mechanism in place that enables the program to:
   1) maintain contact with individuals awaiting admission, and
   2) admit or transfer individuals on the waiting list at the earliest possible time to an appropriate treatment program within a reasonable geographic area;

e. take individuals awaiting treatment off the waiting list only when one of the following conditions exists:
   1) such persons cannot be located for admission, or
   2) such persons refuse treatment; and

f. encourage individuals in need of treatment for intravenous drug use to undergo such treatment, using outreach methods that are scientifically sound and that can reasonably be expected to be effective; such outreach methods include:
   1) selecting, training, and supervising outreach workers;
   2) contacting, communicating, and following-up with high risk substance abusers, their associates, and neighborhood residents, within the constraints of federal and state confidentiality requirements, including 42 CFR Part 2;
   3) promoting awareness among injecting drug users about the relationship between injecting drug abuse and communicable diseases, such as HIV;
   4) recommending steps that can be taken to ensure that HIV transmission does not occur; and
   5) encouraging entry into treatment.

[Sources: 45 CFR §§ 96.121 and 96.126]

8. Tuberculosis (TB) Services:

a. Federal law requires that the Board, if it receives any Federal Block Grant funds for operating a program of treatment for substance addiction or abuse, either directly or through arrangements with other public or private non-profit organizations, routinely make available the following tuberculosis services to each individual receiving treatment for substance abuse [45 CFR § 96.121 (Definitions)]:

   1) counseling individuals with respect to tuberculosis,
   2) testing to determine whether the individual has been infected with mycobacteria tuberculosis to identify the appropriate form of treatment for the person, and
   3) providing for or referring the individuals infected with mycobacteria tuberculosis for appropriate medical evaluation and treatment.

b. The Board must follow the protocols established by the Department and the Department of Health and distributed by the Department of Health for screening for, detecting, and providing access to treatment for tuberculosis.

c. All individuals with active TB shall be reported to the appropriate state official (the Virginia Department of Health, Division of TB Control), as required by state law and in accordance with federal and state confidentiality requirements, including 42 CFR Part 2.

d. The Board shall:
   1) establish mechanisms to ensure that individuals receive such services, and
   2) refer individuals who are denied admission due to lack of service capacity to other providers of TB services.

[Source: 45 CFR § 96.127]

9. Other Requirements

a. The Board shall make available continuing education about treatment services and prevention activities to employees in SAPT Block Grant-funded treatment and prevention programs. The Board shall provide support to the greatest extent possible for at least 20 hours annually of prevention-specific training for prevention directors, managers, and staff. If the Board hires a new prevention director or manager, it agrees to support his or her participation in the 12-month prevention director mentorship program as space is available.

b. The Board shall implement and maintain a system to protect individual services records maintained by SAPT Block Grant-funded services from inappropriate disclosures. This system shall comply with applicable federal and state laws and regulations, including 42 CFR, and provide for employee education about the confidentiality requirements and the fact that disciplinary action may be taken for inappropriate disclosures. [Source: 45 CFR § 96.132]

10. Faith-Based Service Providers: In awarding contracts for substance abuse treatment, prevention, or support services, the Board shall consider bids from faith-based organizations on the same competitive basis as bids from other non-profit organizations. Any contract with a faith-based organization shall stipulate compliance with the provisions of 42 CFR Parts 54 and 54a and 45 CFR Parts 96, 260, and 1050. Funding awarded through such contracts shall not be used for inherently religious activities, such as worship, religious instruction, or proselytizing. Such organizations are exempt from the requirements of Title VII of the Civil Rights Act regarding employment discrimination based on religion. However, such organizations are not exempt from other provisions of Title VII or from other statutory or regulatory prohibitions against employment discrimination based on disability or age. These organizations are subject to the same licensing and human rights regulations as other providers of substance abuse services. The Board shall be responsible for assuring that the faith-based organization complies with the provisions described in these sections. The Board shall provide individuals referred to services provided by a faith-based organization with notice of their right to services from an alternative provider. The Board shall notify the Office of Substance Abuse Services in the Department each time such a referral is required.

11. Prevention Services Addressing Youth Tobacco Use and Underage Drinking: The Board shall select and implement evidence-based programs and practices that target youth tobacco use and underage drinking, based on rates of youth tobacco and alcohol use and age of first use that exceed or fall below state rates in the Board's service area. The Board shall integrate underage drinking, youth access, and smoking prevention strategies and education into prevention services as appropriate and report this integration through the KIT Prevention System.

[Sources: 42 USC 300x-26 and 45 CFR § 96.130]

12. Evidence-Based Programs: The Board shall ensure that a minimum of 50 percent of all prevention programs and strategies entered in the KIT Prevention System and supported wholly or in part by the SAPT Block Grant prevention set-aside are evidence-based or are included in a federal list or registry of evidence-based interventions. If the Board's rate exceeds 50 percent in FY 2007, it shall maintain or increase its FY 2007 percentage of evidence-based programs in FY 2008. The Board shall increase the minimum percentage of evidence-based programs to 75 percent by FY 2010. The Board shall replicate any evidence-based program as directed by that program's guidelines or as adapted in collaboration with that program's developer.

Appendix C: Unspent Balances Principles and Procedures

~~The Department and the Virginia Association of Community Services Boards established a joint work group to address more effective and consistent utilization of unexpended state fund balances from previous fiscal years by CSBs. The Unspent Balances Work Group agreed that appropriate parts of the principles and procedures contained in its report should be included in the FY 2011 Community Services Performance Contract. Accordingly, the principles and practices are added to the CSB Administrative Requirements in this appendix.~~ Unspent balances means amounts of unrestricted and restricted state general funds, hereafter referred to as state funds unless clarity requires more specificity, disbursed to CSBs pursuant to ~~Item~~ 790 Grants to Localities in the current Appropriation Act that remain unexpended after the end of the fiscal year in which they were disbursed by the Department.

Unspent Balances Principles and Procedures

1. **Applicability:** These principles and procedures apply equally to all CSBs. Implementation of some details of these principles and procedures may need to vary by type of CSB, but the overall framework should apply consistently. For example, given the administrative and financial relationships between some administrative policy CSBs or the local government department with an advisory CSB and their local governments, there may be a need to modify the application of some principles or procedures to accommodate those relationships. These principles and procedures shall apply to all unspent balances of state funds present in a CSB's accounts and reflected in its financial management system as of July 1, 2010.

2. **CSB Allocations of State Funds not Affected by Amounts of Unspent Balances:** Given provisions in State Board Policy 6005 and § 37.2-509 or § 37.2-611 of the Code of Virginia, the Department shall allocate funds in the Grants to Localities (790) item of the Appropriation Act without applying estimated year-end balances of unspent state funds to the next year's awards to CSBs.

3. **Calculation of Balances:** In order to calculate the correct amounts of unspent state fund balances, the Department shall continue to calculate unspent balances for all types of revenue sources, except for federal grants. Balances will be determined for restricted and unrestricted state funds, local matching funds, and fees, based on the end of the fiscal year Community Automated Reporting System (CARS) reports submitted by all CSBs no later than ~~October 1~~ the deadline in Exhibit E of the Performance Contract for the preceding state fiscal year. The Department will continue to communicate information about individual balances to each CSB.

4. **Reserve Funds:** A CSB shall place all unspent balances of unrestricted and restricted state funds that it has accumulated from previous fiscal years in a separate reserve or contingency fund. The CSB shall use this reserve fund only for behavioral health and developmental services purposes and as specified in these principles and procedures.

   In the case of a CSB reporting under the Governmental Health Care Enterprise accounting standards, unspent balances of unrestricted or restricted state funds would be deferred to the following fiscal year and not reported as income in the year from which the income was deferred. These deferrals would be reported as balances in CARS reports submitted by the CSB. Deferred state funds would continue to be deferred until spent for services in the performance contract or until the end of the biennium in which they were appropriated. When these balances are spent, they would be reflected as state retained earnings in the revised Performance Contract and end of the fiscal year CARS reports. However, balances of unexpended state funds must be reflected in the net assets part of the CSB's audit report.

Reserve or contingency funds must not be established using current fiscal year funds, which are appropriated, granted, and disbursed for the provision of services in that fiscal year. This is particularly relevant for funds earmarked or restricted by funding sources such as the General Assembly, since these funds cannot be used for another purpose. Transferring current fiscal year state funds into a reserve or contingency fund or otherwise intentionally not expending them solely for the purpose of creating or increasing a reserve or contingency fund is a violation of the legislative intent of the Appropriation Act and is not acceptable.

5. **Maintenance of Effort:** Pursuant to State Board Policy 6005 and based on the Appropriation Act prohibition against using state funds to supplant the funds provided by local governments for existing services, there should be no reduction of local matching funds as a result of a CSB's retention of any balances of unspent state funds.

6. **Size of Reserve Funds:** The maximum acceptable amount of unspent state fund balances that a CSB may accumulate in a reserve fund or otherwise is equal to the amount of all state funds received from the Department during the current fiscal year. If this amount of all state funds is less than a total amount of state funds received by the CSB during any one of the preceding five fiscal years, that larger amount shall constitute the acceptable maximum amount of unspent state fund balances that may be accumulated in a reserve account. If a CSB has accumulated more than this amount, it must expend enough of those reserve funds on allowable uses for behavioral health or developmental services purposes to reduce the amount of accumulated state fund balances to less than the amount of all state funds received from the Department during the current fiscal year.

   In calculating the amount of acceptable accumulated state fund balances, amounts of long term capital obligations incurred by a CSB and long term liabilities (e.g., compensated absences) assumed by a CSB shall be excluded from the calculation. If a CSB has a plan approved by its board to reserve a portion of accumulated balances toward an identified future capital expense, the reserved amounts of state funds shall be excluded from the maximum acceptable amount of unspent state fund balances.

7. **Unspent Balances for Regional Programs:** While all unspent balances exist in CSB financial management systems, unspent balances for a regional program may be handled by the CSBs participating in the regional program as determined by them. All of the participating CSBs must review and approve how these balances are handled. Balances for regional programs may be prorated to each participating CSB for its own locally determined uses or allocated to a CSB or CSBs for regionally approved uses, or the CSB that functions as the regional program's fiscal agent may retain and expend the funds for purposes determined by all of the participating CSBs. Procedures for handling regional program balances of unspent funds should be included in the regional program memorandum of agreement for the program among the participating CSBs, and those procedures must be consistent with the principles and procedures in this Appendix and the applicable provisions of the current Community Services Performance Contract.

8. **Effective Period of Restrictions on State General Funds:** Allowable uses of state funds appropriated in the Grants to Localities item of the Appropriation Act for identified purposes (restricted funds) remain in effect for each fiscal year through the end of the biennium in which those restricted funds were originally appropriated. However, after the end of the fiscal year in which the restricted funds were disbursed to CSBs, any unexpended balances of these state funds are no longer restricted and would be considered unrestricted state funds.

9. **Use of Unexpended Restricted State Funds During the Current Fiscal Year:** The Department will not approve requests from CSBs to transfer unexpended restricted state funds during the current fiscal year to be used for another purpose. Restricted state funds must be

used for the purposes for which they were appropriated in the biennium in which they were appropriated. Instead, a CSB should use unspent funds from prior fiscal years in its reserve fund if additional funds are needed for this other purpose.

10. **Allowable Uses of Unspent State Fund Balances:** Consistent with the intent of the Grants to Localities item in the Appropriation Act and § 37.2-500 or § 37.2-601 of the Code of Virginia, CSBs may use unspent balances of state funds only for behavioral health and developmental services purposes. Any other uses of unspent state fund balances are not acceptable and are a violation of the CSB's Community Services Performance Contract with the Department.

11. **Preferred Acceptable Uses of Accumulated Unspent State Fund Balances From Previous Fiscal Years:** CSBs may use unspent state fund balances from previous fiscal years for the following purposes:

    a. Purchase, construction, renovation, or replacement of land or buildings used to provide behavioral health or developmental services;

    b. Purchase, replacement, or repair of vehicles used to transport individuals receiving services or to provide services (e.g., vehicles for case management or emergency services staff);

    c. Start up expenses for new programs, including security deposits for housing and utilities, advance rental payments, facility furnishings, supplies, prepaid expenses such as insurance premiums, and staff recruitment and training;

    d. Purchase, replacement, or repair of other capital equipment, including facility-related machinery, equipment, or furnishings;

    e. Initiation of Discharge Assistance Plans to enable individuals on state facility ready for discharge lists to be discharged to community settings while other support for the placements is being arranged;

    f. Purchase, replacement, or repair of information system equipment or software, including telecommunications equipment or software; and

    g. Purchase, construction, renovation, or replacement of land or buildings used for the CSB's management and administrative operations.

12. **Other Acceptable Uses of Accumulated Unspent State Fund Balances From Previous Fiscal Years:** Normally, unspent balances of state funds from previous fiscal years should be used only for one-time, non-recurring expenditures and not for supporting ongoing obligations. However, in exceptional circumstances, unspent balances may be used to temporarily absorb the short term effects of a budget reduction or an unanticipated revenue shortfall during the current fiscal year until more permanent actions are taken to implement the budget reduction or address the shortfall. Also, State Board Policy 6005 states that, if a CSB is certain that the source of balances of unspent state funds can be sustained in the future, for instance savings from a permanent reduction in staffing, then the balances could be used for ongoing obligations, although a preferable alternative would be a Performance Contract revision that moved the funds from the activity where they were not spent to the other ongoing use.

13. **Collective Uses of Unspent Balances:** A group of CSBs may pool amounts of their unspent balances to address one-time issues or needs that are addressed more effectively or efficiently on a collective basis. The use of these pooled unspent balances shall be consistent with the principles and procedures in this Appendix.

14. **Performance Contract Documentation:** All uses of unspent balances of state funds shall be documented in the CSB's original or revised Community Services Performance Contract for the year in which the unspent balances are expended. If the balances will be used to support

operational costs, the funds shall be shown as State Retained Earnings revenue in the Performance Contract and in the CARS mid-year report, if the expense occurs in the first two quarters, and in the final Performance Contract revision and end of the fiscal year CARS report.

If the balances will be used for major capital expenses, such as the purchase, construction, major renovation, or replacement of land or buildings used to provide behavioral health or developmental services or the CSB's management and administrative operations or the purchase or replacement of information system equipment, these costs shall not be shown as State Retained Earnings, but shall be described separately on the Financial Comments page (AF-2) of the Performance Contract and the CARS reports. Balances used for major capital expenses shall not be included as revenues on pages AF-2 or AF-3 through AF-8 or in the costs shown on Forms 11, 21, 31, or 01 of the Performance Contract or CARS reports because these expenses would distort the ongoing costs of the services in which the major capital expenses would be included.

In either case, for each separate use of unspent balances of state funds, the amount expended and the category (from those listed in sections 11 and 12) of the expenditure shall be shown on the Financial Comments page of the original Performance Contract, if the expenditure was planned at the beginning of the contract term, or the final contract revision and the end of the fiscal year CARS report. While the amount of unspent balances expended must be shown, CSBs do not have to list the specific sources of those balances, such as unrestricted state funds or particular restricted state funds. Uses of unspent balances of state funds shall be reviewed and approved by the Department in accordance with the principles and procedures in this Appendix and the Performance Contract Process in Exhibit E of the Community Services Performance Contract.

CSBs may maintain their accounting records on a cash or accrual basis for day-to-day accounting and financial management purposes; however its CARS reporting must be in compliance with Generally Accepted Accounting Principles (GAAP). CSBs may submit CARS reports to the Department on a cash or modified accrual basis, but they must report on a consistent basis; and the CARS reports must include all revenues contained in the Performance Contract that are received by the CSB during the reporting period.

15. **Review of Unspent Balances:** In exercising its stewardship responsibility to ensure the most effective, prudent, and accountable uses of state funds, the Department may review available unspent balances of state funds with a CSB that exhibits a persistent pattern of providing lower levels of services while generating significant balances of unspent state funds, and the Department may take actions authorized by State Board Policy 6005 to address this situation.